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26 April 1961

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CENTRAL INTELLIGENCE BULLETIN



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DAILY BRIEF

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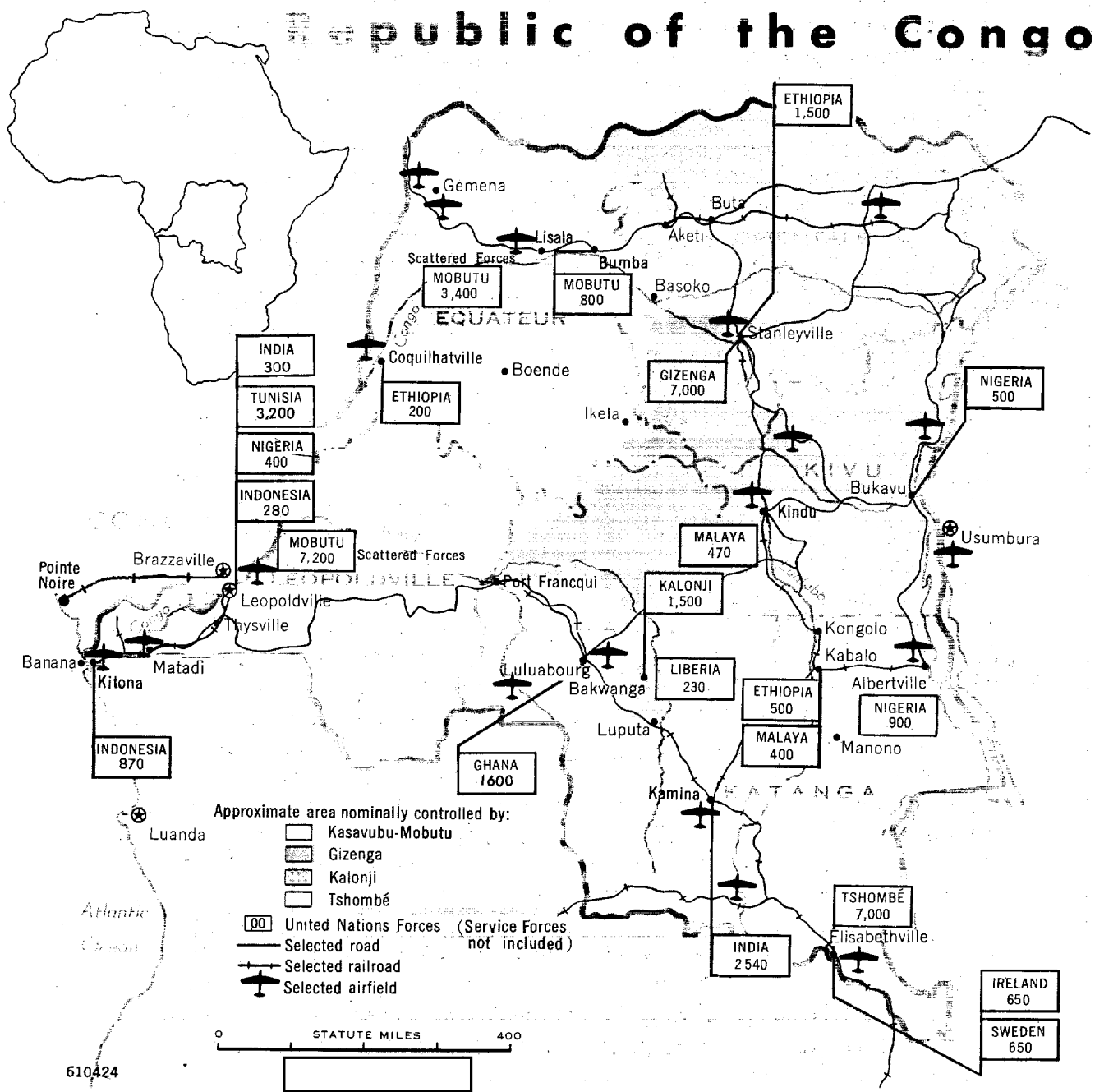
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*France-Algeria: (As of 0300 EST) The sudden collapse of the military insurrection seems to have come largely from the realization by the rebelling units that they had obtained no effective support outside Algeria. The Provisional Algerian Government displayed considerable restraint during the insurrection and seems ready to move quickly toward negotiations. De Gaulle also will probably push for early negotiations, now that he need have less concern for rightist and military opposition. Acts of terrorism by rightist fanatics, however, are still to be expected.

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Congo: Katanga President Tshombé's walkout from the political conference at Coquilhatville will render largely ineffectual any agreements reached there, and is a major setback to efforts to achieve Congo unity. Tshombé left the conference on 25 April after attacking the recent agreement between President Kasavubu and the UN Command which called for the withdrawal from the Congo of all foreign advisers except those invited by Kasavubu to remain.

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Tshombé's walkout coincided with indications that the Congolese army factions in Leopoldville and Stanleyville are themselves engaged in negotiations concerning a political solution in the Congo.

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pro-Gizenga officers in Orientale Province have urged the formation by early May of a central government which they could "follow,"--i. e., presumably one including representatives of Gizenga. In line with Gizenga's often-expressed position, these officers also demanded the reconvening of the Congolese parliament. The continued failure of Congolese political leaders to make progress toward a Congo confederation may lead to increased political activity by the various army factions.

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Argentina: President Frondizi's request for the resignation of Minister of Economy Alsogaray on 24 April was probably intended primarily as a public relations move to counter popular discontent over economic conditions, rather than a shift in policy. Alsogaray, who took office in June 1959, has become the symbol of the austerity aspects of the US-backed stabilization program initiated in January 1959. Alsogaray's policies succeeded in stabilizing the currency and attracting foreign investment that will have later impact on economic growth, but industry has complained of stagnation and labor

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of lowered real wages. A close collaborator of Alsogaray, Roberto Aleman, the economic counselor of the Argentine Embassy in Washington, has been appointed the new minister of economy. [REDACTED]

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[REDACTED]
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The Collapse of the French Military Insurrection

The military rising in Algeria ended yesterday almost as quickly and quietly as it started. Paratroop forces were withdrawn from Oran and Constantine during the day and by midnight police and regular army units loyal to Paris had moved into Algiers. Within two hours, and after only sporadic fighting, Generals Challe, Salan, and Jouhaud, the leaders of the insurrection, had left the government buildings in trucks loaded with paratroops, according to press reports. The whereabouts of the generals is uncertain, although they probably went first to the Foreign Legion base at Zeralda near Algiers. Other units actively engaged in the insurrection reportedly returned to their barracks.

The ending of the insurrection was largely the result of De Gaulle's tough stand and the popular backing he received. The US Embassy in Paris comments that public opinion rallied in a more determined way than in either May 1958 or January 1960. There is reason to believe that this popular support for De Gaulle was reflected in the behavior of those military units in Algeria predominately composed of conscripts. Although few of those units were willing to fire on the paratroops, they apparently gave no positive support to the rising. It is also possible that it was the demonstrations of popular support for De Gaulle which prevented any moves in metropolitan France by forces opposed to the government from materializing. When naval units at Toulon and regular army units in Germany responded to the government's orders of 25 April, the insurrectionists probably realized how narrow their support was.

De Gaulle is publicly committed to try the leaders of the insurrection for treason. The bulk of the military establishment, however, is likely to come in for high praise from De Gaulle, who is eager to press ahead with his plans to develop a modern national defense force.

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Once the smoke clears De Gaulle will probably consider that his victory over the insurgents has given him a new mandate for negotiations with the Provisional Algerian Government (PAG) and additional flexibility once talks are under way. [The leadership of the PAG, obviously concerned that the insurrection would be successful, sent word to Paris that it would be receptive]

[REDACTED]

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[to any suggestions on steps it might take to oppose the Algiers junta. The PAG was also reportedly ready to issue a statement signifying its willingness to open negotiations with France on the understanding that parallel negotiations would not be conducted with a rival Moslem group, but held up the statement so as not to hamper De Gaulle during the insurrection.] Despite the improved prospects for opening negotiations, however, the two sides remain divided on many substantive issues.

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Argentine Minister of Economy Resigns

Argentine President Frondizi stated in an official communiqué that his acceptance of the resignation of Minister of Economy Alsogaray merely signified the completion of the initial phase of the US-backed stabilization program and that the government was resolved to complete the program, which would now emphasize expanded economic development. Alsogaray refused to comment on the reasons behind the request. [redacted] Alsogaray had made too many enemies among the military, Frondizi's Intransigent Radical party, the conservatives, and liberal groups who criticize the hardships the stabilization program has caused for labor. His resignation had been rumored for several months. Other resignations are being submitted by key members of Alsogaray's economic team and Central Bank officials, according to the American Embassy in Buenos Aires.

The press reports that War Secretary Fraga, who was the central figure in opposing former Army Commander in Chief Toranzo Montero in late March, has also tendered his resignation and that others may follow. [redacted] Foreign Minister Taboada may be replaced by Donato del Carril, who has been ambassador to the US since October 1959.

One financial official believes that Frondizi's action was unrelated to military pressures--which have frequently been aimed at Alsogaray--but that it may be connected with new foreign policy developments. Presidents Frondizi and Quadros, during their meeting on 21-22 April at the Brazilian border town of Uruguaiana, emphasized economic development in one of their joint declarations.

Roberto Aleman, who has been appointed minister of economy, strongly supports the US-backed stabilization program and Alsogaray's policies. He reportedly is expected to intensify Alsogaray's efforts to balance the budget and transfer state enterprises to private ownership as a means of reducing the federal deficit, the primary source of inflation. [redacted]

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